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REPRESENTATIVE JOHN COGHILL

SECTIONAL HB 101

“An Act exempting the full value of life insurance and annuity contract from levy to satisfy unsecured debt, and amending the description of earnings, income, cash, and other assets relating to garnishment of life insurance proceeds payable upon the death of an insured.”

Section 1: AS 09.38.025 Exemption of unmatured life insurance and annuity contracts is amended to read:

- (a) Except as provided in this section or AS 09.38.017, an individual is entitled to exemption of unmatured life insurance and annuity contracts owned by the individual. [IF THE CONTRACTS HAVE ACCRUED DIVIDENDS AND LOAN VALUES AVAILABLE TO THE INDIVIDUAL AGGREGATING MORE THAN \$10,000, A CREDITOR MAY OBTAIN A COURT ORDER REQUIRING THE INDIVIDUAL DEBTOR TO PAY THE CREDITOR, AND AUTHORIZING THE CREDITOR ON THE DEBTOR’S BEHALF TO OBTAIN THE PAYMENT OF, THE AMOUNT OF THE ACCRUED DIVIDENDS AND LOAN VALUES IN EXCESS OF \$10,000 OR THE AMOUNT OF THE CREDITOR’S CLAIM, WHICHEVER IS LESS.]

Section 2: AS 09.38.030 Exemption of earnings and liquid assests is amended to read:

- (e) The following property, unless exempt without limitation under AS 09.38.015 or 09.38.017, upon receipt by and while it is in the possession of the individual, shall be treated as earnings, income, cash, or other liquid assets under this section:
- (4) proceeds or benefits paid [OR PAYABLE] on the death of an insured, if the individual was the spouse or a dependant of the insured; and

